

Adopted	Rejected
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COMMITTEE REPORT

YES:	7
NO:	3

MR. SPEAKER:

*Your Committee on Rules and Legislative Procedures, to which was referred Senate Bill 29, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 4-4-30 IS ADDED TO THE INDIANA CODE AS
- 4 A **NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY**
- 5 **1, 2002]:**
- 6 **Chapter 30. Center for Coal Technology Research**
- 7 **Sec. 1. As used in this chapter, "center" refers to the center for**
- 8 **coal technology research established by this chapter.**
- 9 **Sec. 2. As used in this chapter, "director" refers to the director**
- 10 **of the department of commerce.**
- 11 **Sec. 3. As used in this chapter, "fund" refers to the coal**
- 12 **technology research fund established by section 8 of this chapter.**
- 13 **Sec. 4. As used in this chapter, "Indiana coal" has the meaning**
- 14 **set forth in IC 8-1-2-6.1.**
- 15 **Sec. 5. The center for coal technology research is established to**
- 16 **perform the following duties:**

(1) Develop technologies that can use Indiana coal in an environmentally and economically sound manner.

(2) Investigate the reuse of clean coal technology byproducts, including fly ash.

(3) Generate innovative research in the field of coal use.

(4) Develop new, efficient, and economical sorbents for effective control of emissions.

(5) Investigate ways to increase coal combustion efficiency.

(6) Develop materials that withstand higher combustion temperatures.

(7) Carry out any other matter concerning coal technology research as determined by the center.

Sec. 6. In carrying out its duties under this chapter, the center shall be located at Purdue University at West Lafayette and shall cooperate with and may use the resources of:

(1) Indiana University Geological Survey and other state educational institutions;

(2) a state or federal department or agency;

(3) a political subdivision; and

(4) interest groups representing business, environment, industry, science, and technology.

Sec. 7. To carry out the center's duties described in section 5 of this chapter, the director or the director's designee, acting on behalf of the center, may:

(1) organize the center in the manner necessary to implement this chapter;

(2) execute contractual agreements, including contracts for:

(A) the operation of the center;

(B) the performance of any of the duties described in section 5 of this chapter; and

(C) any other services necessary to carry out this chapter;

(3) receive money from any source for purposes of this chapter;

(4) expend money for an activity appropriate to the purposes of this chapter;

(5) execute agreements and cooperate with:

(A) Purdue University and other state educational institutions;

- 1 **(B) a state or federal department or agency;**
- 2 **(C) a political subdivision; and**
- 3 **(D) interest groups representing business, the**
- 4 **environment, industry, science, and technology; and**
- 5 **(6) subject to the approval of the budget agency, employ**
- 6 **personnel as necessary for the efficient administration of this**
- 7 **chapter.**

8 **Sec. 8. (a) The coal technology research fund is established to**
 9 **provide money for the center for coal technology research and for**
 10 **the director to carry out the duties specified under this chapter.**
 11 **The budget agency shall administer the fund.**

12 **(b) The fund consists of the following:**

- 13 **(1) Money appropriated by the general assembly.**
- 14 **(2) Gifts, grants, and bequests.**

15 **(c) The treasurer of state shall invest the money in the fund not**
 16 **currently needed to meet the obligations of the fund in the same**
 17 **manner as the treasurer may invest other public funds.**

18 **(d) Money in the fund at the end of a state fiscal year does not**
 19 **revert to the state general fund.**

20 **SECTION 2. IC 4-23-5.5-16 IS AMENDED TO READ AS**
 21 **FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 16. (a) The Indiana coal**
 22 **research grant fund is established for the purpose of providing grants**
 23 **for research and other projects designed to develop and expand markets**
 24 **for Indiana coal. The fund shall be administered by the board.**

25 **(b) Sources of money for the fund consist of the following:**

- 26 **(1) Appropriations from the general assembly.**
- 27 **(2) Donations, gifts, and money received from any other source,**
- 28 **including transfers from other funds or accounts.**

29 **(c) Money remaining in the fund at the end of a state fiscal year**
 30 **does not revert to the state general fund.**

31 **(d) The treasurer of state shall invest the money in the fund not**
 32 **currently needed to meet the obligations of the fund in the same**
 33 **manner as other public funds may be invested. Interest that accrues**
 34 **from these investments shall be deposited in the fund.**

35 **(e) The board shall establish:**

- 36 **(1) amounts for grants under this section; and**
- 37 **(2) criteria for awarding grants under this section.**

38 **(f) A person, business, or manufacturer that wants a grant from the**

1 fund must file an application in the manner prescribed by the board.

2 **(g) The department shall pursue available private and public**
3 **sources of money for the fund.**

4 SECTION 3. IC 8-1-2-6.1 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6.1. (a) As used in this
6 section, "clean coal technology" means a technology (including
7 precombustion treatment of coal):

8 (1) that is used at a new or existing electric generating facility and
9 directly or indirectly reduces airborne emissions of sulfur or
10 nitrogen based pollutants associated with the combustion or use
11 of coal; and

12 (2) that either:

13 (A) is not in general commercial use at the same or greater
14 scale in new or existing facilities in the United States as of
15 January 1, 1989; or

16 (B) has been selected by the United States Department of
17 Energy for funding under its Innovative Clean Coal
18 Technology program and is finally approved for such funding
19 on or after January 1, 1989.

20 (b) As used in this section, "Indiana coal" means coal from a mine
21 whose coal deposits are located in the ground wholly or partially in
22 Indiana regardless of the location of the mine's tippie.

23 (c) Except as provided in subsection (d), the commission shall allow
24 a utility to recover as operating expenses those expenses associated
25 with:

26 (1) research and development designed to increase use of Indiana
27 coal; and

28 (2) preconstruction costs (including design and engineering costs)
29 associated with employing clean coal technology at a new or
30 existing coal burning electric generating facility if the
31 commission finds that the facility:

32 (A) utilizes and will continue to utilize (as its primary fuel
33 source) Indiana coal; or

34 (B) is justified, because of economic considerations or
35 governmental requirements, in utilizing non-Indiana coal;
36 after the technology is in place.

37 (d) The commission may only allow a utility to recover
38 preconstruction costs as operating expenses on a particular project if

1 the commission awarded a certificate under IC 8-1-8.7 for that project.

2 (e) The commission shall establish guidelines for determining
3 recoverable expenses.

4 **(f) The commission has jurisdiction over transactions involving**
5 **the purchase of clean coal technology from third parties, including**
6 **the purchase of precombustion coal treated by gasification. The**
7 **commission's jurisdiction includes the authority to review the**
8 **terms of a transaction and determine whether the transaction is in**
9 **the public interest."**

10 Page 2, line 36, delete ", " and insert "**that are fueled primarily by**
11 **coal or gases from coal from the geologic formation known as the**
12 **Illinois Basin,"**.

13 Page 2, delete line 38.

14 Page 3, line 1, delete "has the" and insert "**means a technology**
15 **(including precombustion treatment of coal):**

16 **(1) that is used in a new or existing electric generating facility**
17 **and directly or indirectly reduces airborne emissions of**
18 **sulfur, mercury, or nitrogen oxides or other regulated air**
19 **emissions associated with the combustion or use of coal; and**

20 **(2) that either:**

21 **(A) is not in general commercial use at the same or greater**
22 **scale in new or existing facilities in the United States as of**
23 **January 1, 1989; or**

24 **(B) has been selected by the United States Department of**
25 **Energy for funding under its Innovative Clean Coal**
26 **Technology program and is finally approved for such**
27 **funding on or after January 1, 1989."**

28 Page 3, delete line 2.

29 Page 3, line 13, delete ", repower, or acquire" and insert "**or**
30 **repower"**.

31 Page 3, line 15, delete ", repower, or acquire" and insert "**or**
32 **repower"**.

33 Page 3, line 16, after "2(1)" insert "**or 2(2)"**.

34 Page 3, between lines 23 and 24, begin a new line block indented
35 and insert:

36 **"(1) The facility is fueled primarily by coal or gases from coal**
37 **from the geologic formation known as the Illinois Basin."**

38 Page 3, line 24, delete "(1)" and insert "(2)".

- 1 Page 3, line 25, delete ", newly repowered, or newly" and insert "**or**
- 2 **newly repowered**".
- 3 Page 3, line 26, delete "acquired".
- 4 Page 3, line 30, delete "(2) The acquisition," and insert "**(3) The**".
- 5 Page 3, line 31, delete "completed" and insert "**begun**".
- 6 Page 3, line 32, delete "2001" and insert "**2002**".
- 7 Page 3, line 38, delete "that transfers energy from points of supply
- 8 to points of" and insert "**employed specifically to serve a new energy**
- 9 **generating facility**".
- 10 Page 3, delete line 39.
- 11 Page 4, line 22, delete ":" and insert ", **if the projects are found to**
- 12 **be in the public interest, convenience, and necessity**".
- 13 Page 4, line 24, after "2(1)" insert "**or 2(2)**".
- 14 Page 4, line 27, delete "overall rate of return" and insert "**return on**
- 15 **shareholder equity**".
- 16 Page 5, line 1, after "shall" insert ", **after notice and hearing**".
- 17 Page 5, line 3, delete "ninety (90) days after the date of the
- 18 application." and insert "**one hundred eighty (180) days after the**
- 19 **date of the application, unless the commission finds that the**
- 20 **applicant has not cooperated fully in the proceeding**".
- 21 Page 5, line 7, delete "acquisition,".
- 22 Page 5, line 8, delete "." and insert ", **in place of the normal**
- 23 **allowance for funds used during construction (AFUDC) recovery**".
- 24 Page 5, line 15, delete "acquisition,".
- 25 Page 5, line 26, delete "." and insert "**and the generation capacity**
- 26 **is needed**".
- 27 Page 5, line 31, delete "." and insert "**and in the public interest**".
- 28 Page 6, between lines 12 and 13, begin a new paragraph and insert:
- 29 "**Sec. 15. If any part of this chapter is found to be unlawful, the**
- 30 **commission shall annually review any project approved under this**
- 31 **chapter to determine that the project continues to be:**
- 32 (1) **in the public interest, convenience, and necessity; and**

- 1 **(2) consistent with the commission's findings in the order**
- 2 **initially approving incentives under this chapter."**

3 Renumber all SECTIONS consecutively.

(Reference is to SB 29 as reprinted February 5, 2002.)

and when so amended that said bill do pass.

Representative Moses